July 29, 2003

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, California 90012

Dear Supervisors:

# APPROVE AMENDMENT TO THE OPERATING AGREEMENT WITH THE DESCANSO GARDENS GUILD, INC. FOR THE OPERATION AND MAINTENANCE OF DESCANSO GARDENS (Fifth District - Three Vote Matter)

#### IT IS RECOMMENDED THAT YOUR BOARD:

- 1. Find that approval of the Amendment to the Operating Agreement is a categorically exempt project pursuant to the California Environmental Quality Act (CEQA).
- 2. Approve and instruct the Chair to sign the attached Amendment to the Operating Agreement with the Descanso Gardens Guild, Inc. for Descanso Gardens located in the City of La Caňada-Flintridge.

#### PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION

On November 12, 1997, your Board approved the Descanso Gardens Operating Agreement (Agreement) with the Descanso Gardens Guild, Inc (Guild). The Agreement, which took effect on July 1, 1998 and will expire on June 30, 2018, authorizes the Guild to manage, operate, and maintain Descanso Gardens.

Under the terms of the Agreement, the County's annual consideration to the Guild for its management, operation and maintenance of the gardens was to be gradually reduced from \$317,000 to \$112,013 during the first fifteen years of the term. The Guild assumed total financial responsibility for garden operations commencing with the sixteenth agreement year (July, 2013).

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An unanticipated effect of the planned reduction in County financial support of gardens' operations was its negative impact on the ability of the Guild to obtain grants and other funding from outside sources. Although the County's original level of support amounted to only fifteen percent (15%) of the Garden's total operating budget, it represented an ongoing County commitment to the facility that encouraged donors and other outside revenue sources to contribute to the gardens' operation.

The Guild informed the Department of this issue during Spring 2001; however discussions as to resolutions stalled at that time due to the transition in the Department's administration. Discussions with the Guild resumed last fall, and in order to demonstrate the County's commitment to Descanso Gardens, the annual level of support is recommended to be frozen at \$269,243 (fourth year agreement funding level) and the term of the Agreement reduced to a total of fifteen (15) years, so that it will terminate in 2013. This funding level represents the County's level of support at the time the Guild brought the issue to the Department's attention.

Under the terms of the Amendment County support for Descanso Garden will continue at that level for the remainder of the contract term, with the exception of the sixth year, which has been increased to provide the additional support the Guild would have received if your Board had approved the Amendment during the sixth year. Unfortunately, due to a lack of staff in our Contract Section and other high priority contract issues we were unable to submit the Amendment to your Board for approval during the prior fiscal year. The Guild undertook additional maintenance efforts at Descanso Gardens in anticipation of an additional \$10,770 in funding last fiscal year and has requested that amount be added to the support provided this fiscal year.

In addition to increasing County support for the facility, the Amendment provides for increased County oversight of improvement projects by the Department of Parks and Recreation's Capital Projects Agency. This will ensure that all improvement projects are completed in accordance with County standards.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The proposed amendment will further the Board-approved County Strategic Plan Goal 3, Organizational Effectiveness, by increasing County-Guild coordination of capital projects at Descanso Gardens, and Goal 4, Fiscal Responsibility, by increasing County oversight of those projects.

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#### FISCAL IMPACT/FINANCING

Establishing an annual level of County support for the gardens at \$269,243 will increase the County's total obligation by \$926,530, from \$3,181,014 to \$4,107,544, over the contract term, which is proposed to be reduced from 20 to 15 years.

The Department will fund the increased support levels from existing General Fund resources.

## FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 12, 1997, your Board of Supervisors approved an Operating Agreement with the Descanso Gardens Guild, Inc. to manage, operate and maintain Descanso Gardens in La Caňada–Flintridge. The Agreement was authorized pursuant to Government Code Sections 25921, permitting the County to exercise all necessary and proper powers to promote the County's arboreta, and 31000, permitting the County to contract for special administrative or management services, and commenced on July 1, 1998. The Guild has executed the first Amendment to the operating agreement, and County Counsel has approved the document as to form.

The Amendment also reduces the term of the Agreement from twenty (20) to fifteen (15) years, includes provisions for oversight of capital improvement projects by the Department, updates contract insurance provisions, and adds Board mandated provisions regarding GAIN/GROW, Quality Assurance, Child Support Compliance, Jury Service, Federal Earned Income Credit, Recycled Paper Products, and the Safely Surrendered Baby Law.

## **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The approval of this contract amendment is categorically exempt under the California Environmental Quality Act (CEQA) according to Section 15301 Class 1 of the State CEQA guidelines as it involves no expansion of use at an existing facility.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Under the current agreement the Guild is responsible for management, operation and maintenance of the gardens. Approval of this amendment will allow the same level of services to be maintained.

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#### **CONCLUSION**

A certified copy of the action taken by your Board and a fully-executed copy of the attached amendment should be mailed to Descanso Gardens, P.O. Box 778, La Caňada - Flintridge, California 91012-0778. In addition, it is requested that the four conformed copies be sent to the Department; and one conformed copy each to the Assessor, Auditor-Controller, County Counsel, and the Treasurer and Tax Collector, respectively.

Respectively submitted

Tim Gallagher Director

7/9/03